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Substantive session of 1999
Geneva, 5-30 July 1999
Agenda item 7
COORDINATION, PROGRAMME AND OTHER QUESTIONS

SECURITY COUNCIL
Fifty-fourth year

Letter dated 31 July 1999 from the President of the Economic and Social Council to the President of the Security Council

I have the honour to refer to your letter of 7 April 1999 by which you confirmed that the Security Council, through its resolution 1212 (1998) of 25 November 1998, intended to invite the Economic and Social Council to contribute to the designing of a long-term programme of support for Haiti.

As you are aware, the Economic and Social Council, by its resolution 1999/4 of 7 May 1999, decided to create an Ad Hoc Advisory Group on Haiti with the mandate of submitting to the Council, at its substantive session of 1999, recommendations on how to ensure that international community assistance to the efforts to support the Government of Haiti in achieving sustainable development was adequate, coherent, well coordinated and effective. The Permanent Representatives of Indonesia (Chairman), Brazil, Latvia and Mauritius and the Deputy Permanent Representative of Canada were appointed to form the Advisory Group. Haiti's authorities were consulted by the Advisory Group at all stages of the preparation of its report.

It is now my privilege to inform you that the Economic and Social Council, on the basis of the report presented by the Advisory Group (E/1999/103) at its substantive session of 1999, recently held in Geneva, adopted resolution 1999/11 of 27 July 1999, in which it welcomed the report and confirmed the essence of all of its recommendations, including recommendations for consideration by the General Assembly, as well as requests addressed to the Secretary-General and the different components of the United Nations system. In that resolution, the Council, inter alia, called on the Secretary-General to take the necessary steps to develop on a priority basis a long-term strategy and programme of support for Haiti in such areas as education, peace-building, poverty eradication, social integration, productive employment, trade, durable recovery and sustainable development and recommended that the long-term development programme of support

for Haiti address the issues of capacity-building of governmental institutions, especially in areas such as governance, the promotion of human rights, the administration of justice, the electoral system, law enforcement, police training, and other areas of social and economic development.

Given the previous action of the Security Council with respect to Haiti, of particular interest may be the recommendations made to the General Assembly, in paragraph 8 of Economic and Social Council resolution 1999/11, to review all aspects of the mandate and operations of the International Civilian Mission in Haiti and to consider renewing the mandate of the United Nations component of the Mission and, in paragraph 10, to consider devising a United Nations special training and technical assistance programme for the Haitian National Police.

I trust that this contribution by the Economic and Social Council will serve to strengthen the continued resolve of the United Nations to support Haiti, complementing the Security Council's own efforts in that regard, and to enhance the cooperation between two of our main organs, as contemplated in Article 65 of the Charter of the United Nations.

(Signed) F. Paolo FULCI

United Nations A/54/274 - E/1999/116

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General Assembly
Fifty-fourth session
Items 48 and 148 of the provisional agenda*

The situation of democracy and human rights in Haiti

Financing of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti

Economic and Social Council
Substantive session of 1999
Geneva, 5–30 July 1999
Agenda item 7
Coordination, programme and other questions

Letter dated 31 July 1999 from the President of the Economic and Social Council to the President of the General Assembly

I have the honour to refer to Economic and Social Council resolution 1999/4 of 7 May 1999 in which the Council decided to create an Ad Hoc Advisory Group on Haiti with the mandate of submitting to the Council at its substantive session of 1999 recommendations on how to ensure that international community assistance to the efforts to support the Government of Haiti in achieving sustainable development was adequate, coherent, well coordinated and effective.

The Advisory Group was composed of the Permanent Representatives of Indonesia (who acted as Chairman), Brazil, Latvia and Mauritius and of the Deputy Permanent Representative of Canada. Haitian authorities were consulted by the Advisory Group at all stages of the preparation of its report.

It is now my privilege to inform you that the Economic and Social Council, based on the report presented by the Advisory Group (E/1999/103) at its substantive session of 1999, recently held in Geneva, adopted resolution 1999/11 of 27 July 1999, in which the Council confirmed the essence of all of the Advisory Group's recommendations, including recommendations for consideration by the General Assembly, as well as requests addressed to the Secretary-General and the different components of the United Nations system. In that resolution, the Council, *inter alia*, called upon the Secretary-General to take the necessary steps to develop on a priority basis a long-term strategy and programme of support for Haiti in such areas as education, peace-building, poverty eradication, social integration, productive

* A/54/150.

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employment, trade, durable recovery and sustainable development and recommended that the long-term development programme of support for Haiti address the issues of capacity-building of governmental institutions, especially in areas such as governance, the promotion of human rights, the administration of justice, the electoral system, law enforcement, police training, and other areas of social and economic development.

I should like to draw your attention to the recommendations made to the General Assembly in Economic and Social Council resolution 1999/11, in particular in paragraph 8, to review all aspects of the mandate and operations of the International Civilian Mission in Haiti and to consider renewing the mandate of the United Nations component of the Mission; in paragraph 10, to consider devising a United Nations special training and technical assistance programme for the Haitian National Police; and in paragraph 11, to consider requesting the Secretary-General to continue his good offices in Haiti through his Representative and to maintain the existence of the office there headed by him, which would also have the responsibility of managing any new civilian mission mandated by the United Nations.

I trust that this contribution by the Economic and Social Council will serve to strengthen the continued resolve of the United Nations to support Haiti, supplementing the General Assembly's own efforts in that regard, and to enhance the cooperation between two of our main organs.

(*Signed*) F. Paolo Fulci

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Agenda item 7
COORDINATION, PROGRAMME AND OTHER QUESTIONS

SECURITY COUNCIL
Fifty-fourth year

Letter dated 20 August 1999 from the President of the Security Council to the President of the Economic and Social Council

I have the honour to acknowledge receipt of your letter dated 31 July 1999 concerning the adoption by the Economic and Social Council, at its substantive session of 1999, of resolution 1999/11, concerning the long-term strategy and development programme of support for Haiti, in line with Security Council resolution 1212 (1998).

In the view of the members of the Security Council, it is essential that, in order to ensure sustainable development in Haiti, the effort of the international community be geared towards supporting the Government of Haiti in addressing the important issues of capacity-building of its governmental institutions.

The members of the Security Council express the hope that this important contribution of the Economic and Social Council will serve to strengthen the cooperation between the Security Council and the Economic and Social Council as the United Nations attempts to assist the people of Haiti in rebuilding their country.

(Signed) Martin ANDJABA
President of the Security Council

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Economic and Social Council

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26 August 1999

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Agenda item 13 (a)
Economic and environmental questions: Sustainable development

Letter dated 22 July 1999 from the Permanent Representative of Maldives to the President of the Economic and Social Council

I have the honour to forward herewith a letter addressed to you from Maumoon Abdul Gayoom, President of the Republic of Maldives, regarding the recommendation of the Committee for Development Policy to remove the Republic of Maldives from the list of the least developed countries.

I would be grateful if you could kindly bring the contents of this letter and of its attachment to the attention of the members of the Economic and Social Council, and circulate it as an official document, under agenda item 13 of the 1999 substantive session of the Economic and Social Council.

(*Signed*) Hussain **Shihab**
Permanent Representative

99-24704 (E) 270899

Annex

Letter dated 21 July 1999 from the President of the Economic and Social Council

I am writing to express my deep concern over the decision of the United Nations Committee for Development Planning at its 31st session in 1997 to graduate the Maldives from the list of Least Developed Countries after a follow-up review in the year 2000, especially in the light of recommendations made by its successor, the United Nations Committee for Development Policy at its first session earlier this year, regarding methods of assessment of LDC status. In particular, the proposal to consider vulnerability profiles only in marginal cases raises serious doubts that the question of vulnerability will be adequately addressed in the case of the graduation of the Maldives, despite its relevance to us.

Structural constraints to development

The Maldives is a small country with a population of around 270,000, which is widely dispersed over 200 islands of only a few hectares in size. *Therefore, our economy suffers from serious diseconomies of scale, and the lack of natural resources further constrains the capacity for economic diversification, which results in a high degree of dependence on only two sectors, namely, fisheries and tourism.*

A major challenge facing our economy is to sustain its growth momentum at a level sufficient to absorb the high rate of

population growth. Although a number of important measures have been and are being taken to reduce population increase, only continued social and economic development would ensure that the population growth rate continues to decline. An effective population policy and the socio-economic gains of the past two decades have led to a drop in population growth rate from 3.4 per cent in 1990 to 2.7 in 1995. Despite that drop, there is still a very high dependency ratio with over 46 per cent of the population being under the age of 15, giving rise to increasing demand for social services.

Recognising that the next major step in an effective population policy would be population consolidation through internal transmigration to larger and more economically viable islands, we have been implementing transmigration programmes for many years. However, the continuation of these programmes will require tremendous investment whose burden cannot be met without considerable development assistance.

The fragile environment of the country further constrains the scale and scope of economic activities. Although we pursue sustainable development policies, our islands are placed at risk from global processes beyond our control such as increasing pollution, global warming, climate change and sea-level rise. In recent years, storms have increased in frequency and ferocity. On one occasion the damage inflicted cost 22 per cent of the GDP. Last year, sustained high temperatures caused widespread coral bleaching. At present, coastal erosion is threatening settlements on a large number of islands.

Problems posed by vulnerability

A recent study by the Commonwealth has revealed that the Maldives is the ninth most vulnerable country in the world. We, too, have recently undertaken a comprehensive study on vulnerability and poverty, taking into account both income and non-income factors. This work has brought to light important new dimensions of internal vulnerabilities that exist in the Maldives.

The economy remains highly vulnerable to external shocks due to product and market concentration, as well as due to the nature of the main economic activities. Economic downturn in tourist markets or even conflicts in parts of the world that are unrelated to or far away from the Maldives or its markets, such as the Gulf War, have very badly affected the tourism industry. We dread to think what the impact would be from crises closer to home or to our markets. While the direct contribution from tourism stands at the very high level of 20 per cent of GDP, if related inputs are accounted for, the dominance of the industry would be overwhelming, and expose the real extent of the risk from exogenous shocks. At the same time, the fishing industry, which is the biggest source of employment, is extremely vulnerable to fluctuations in the world market. At the present time, depressed world market prices of fish have precipitated a crisis in the sector, increasing the outflow of investment from it.

In order to reduce vulnerability and achieve stability in export earnings, there is an urgent need to explore ways to diversify and restructure the economy. That would be an

enormous undertaking, one that would take us closer to greater self-reliance. However, it too is a step that requires in the immediate future considerable concessionary financing. Moreover, in a world where globalisation has gained greater pace, such restructuring would be essential to enable us to participate in the global economy.

Misleading criteria

The decision to earmark the Maldives for graduation has presumably been taken as a result of the high scores for the country in recent triennial reviews in the indices used. *However, the application of the criteria on the Maldives has produced misleading results.* We believe that per capita GDP taken in isolation is an inappropriate yardstick for the Maldives. Given the high cost of living, purchasing power parity is a better measure for comparison. Alternatively, even GNP would have shown a more realistic picture of the economy as it is of far lesser value than the GDP.

For the Augmented Physical Quality of Life Index (APQLI), the high score was based on health, nutritional and educational achievements. *The statistics do not give the whole picture.* In particular, they say nothing about either the circumstances under which that progress was achieved or the conditions that are necessary for sustaining such progress. Indeed, neither do they indicate the remaining challenges in the social sector nor do they show what the key country-specific difficulties are that cannot be resolved without considerable external support. Despite good

scores on average calorie intake, for example, there is still in the Maldives widespread malnutrition and periodic shortages of food due to the geophysical conditions of the country. Comparable challenges are faced in other social sectors as well.

Equally disconcerting is the Committee's finding that the Maldives has a highly diversified economy, only a few percentage points behind the larger South Asian economies. Indeed, it is not clear to us why the Economic Diversification Index (EDI) for the Maldives had fluctuated so sharply in the last three triennial reviews, scoring 18 in 1991, 11 in 1994 and 30.5 in 1997. *Such fluctuation only highlights the country's vulnerability and strengthens the case for careful scrutiny of the real situation.* The newly proposed Economic Vulnerability Index (EVI) may further distort the actual economic status of the Maldives, given the peculiarities of its geophysical layout and economic structure.

Costs of graduation

We are concerned that the Maldives might be graduated without a full assessment of what that decision would cost us. We believe that prior to the graduation of any state, the Committee should complete the work it was previously asked to do on assessing more comprehensively the benefits derived by states by inclusion in the list. We strongly feel that the current proposal by the Committee to examine the impact of globalisation on LDCs in more detail must be followed up before any state is graduated, especially in the light of its earlier recommendations on the subject. Given the economic constraints facing our country, the mere designation of

the Maldives as a non-LDC is not going to increase in any way the options open to it to overcome its developmental constraints. On the contrary, graduation would only increase its vulnerability as it will certainly be accompanied by a considerable reduction in external assistance in the form of grants and concessionary loans. As a small, narrowly-based economy which faces major obstacles to integration into the world economy, the Maldives is incapable of carrying a heavy debt burden or drawing from international capital markets on commercial terms.

For the above compelling reasons, I appeal to Your Excellency that the review pertaining to the question of the graduation of the Maldives be undertaken only in the light of the full facts of the case. These should include a country specific vulnerability profile whether or not the Maldives is ranked as a marginal economy, a thorough assessment of the costs of graduation, and an appropriate consideration of the impact of globalisation.

(*Signed*) Maumoon Abdul **Gayoom**